

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6994**

**BILL NUMBER:** HB 1392

**DATE PREPARED:** Jan 4, 1999

**BILL AMENDED:**

**SUBJECT:** Salary matrix for excise police officers.

**FISCAL ANALYST:** Kristin Breen

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**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

STATE IMPACT	FY 1999	FY 2000	FY 2001
State Revenues		3,860	3,990
State Expenditures		(83,352)	(86,056)
Net Increase (Decrease)		(79,492)	(82,066)

**Summary of Legislation:** This bill provides that the salary matrix for excise police officers must have parity with the salary matrices prescribed for conservation officers of the Department of Natural Resources.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** This bill requires the Alcoholic Beverage Commission (ABC) to implement a salary matrix for excise officers that has parity with the salary matrix prescribed by the Department of Natural Resources for conservation officers. The matrix must be approved by the State Budget Agency. The table below shows the total current and proposed costs of an increase in salary. The total cost for FY 2000 and FY 2001 is estimated to be approximately \$169,408.

**Total Current and Proposed Costs of an Increase in Salary:**

	FY 2000	FY 2001	Total Increase
Current cost	\$2,409,205	\$2,456,474	
Proposed cost	\$2,492,557	\$2,542,530	
Increase in cost	<b>\$83,352</b>	<b>\$86,056</b>	<b>\$169,408</b>

Note: Costs include salary, fringe benefits, and retirement benefits.

The above cost estimates are based on the following assumptions. Salary level corresponds with the number of full years of service. Years of service are based on the anniversary from the date of hire. It is assumed that all ABC excise officers continue their employment with the ABC beyond July 1, 1999. Fringe benefits are based on 19.56% of salary and retirement benefits are based on 7.8% of salary.

Money needed to pay for the increased salaries is to be appropriated from the Professional and Technical Equity Fund. If there is not enough money in that Fund to fully pay the salaries, money will be augmented from the state General Fund.

**Explanation of State Revenues:** The additional income will be subject to income tax at the rate of 3.4%. Based on the estimated increase in salaries, approximately \$2,225 and \$2,300 in additional income tax revenue will be collected in FY 2000 and FY 2001 respectively. It is also estimated that half of the increased income will generate sales tax revenue. Based on this, approximately \$1,635 and \$1,690 could be collected in additional sales tax revenue in FY 2000 and FY 2001 respectively. Income and sales tax revenue is deposited in the state General Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Counties with a local option income tax may see a minimal increase in income tax revenue.

**State Agencies Affected:** Alcoholic Beverage Commission; State Budget Agency.

**Local Agencies Affected:** Counties with a local option income tax.

**Information Sources:** Lieutenant Dan Rose, Alcoholic Beverage Commission, 293-2437.